

INDUSTRIAL SICKNESS IN INDIA — AN EMPIRICAL ANALYSIS

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The basic issue of our research is to develop a predictive model, i.e., a model that can predict the probability of sickness that a firm is exposed to. This is necessary for getting a signal at the firm level so that the management can get prepared for turnaround management, if the probability of the firm being sick is found to be high. We perform this exercise in the context of Indian firms. Existing predictive models use ratios selected on the basis of *a priori* considerations and lack adequate macro foundation. These ratios thus might not be robust for predicting firm level sickness. We

take a different approach. We start with ASI data (2 digit level) and analyse performance of major industry groups with respect to macro indicators used by economists for finding out efficiency of a particular industry. We identify such industry groups which appear to perform well as also such groups of industries which harbour most of the sick units. The focus of our research being on firm level analysis, we select about one hundred companies, evenly drawn from both the groups, for which the balance sheet and profit and loss account data are available in the PROWESS database. The time series data

for ten successive years being thus collected, we perform remaining part of our empirical exercise. The micro ratios corresponding to the macro ratios are utilised first for a discriminant analysis. The results being encouraging, we extend the exercise further for developing a predictive model based on binary logistic regression. The findings appear to be statistically robust. Our model is user-friendly and would be useful to investors for buying stocks, banks and financial institutions for credit decision and risk analyses. It would also have wide application in turnaround management.

INTERVIEW

**SPIRITUALITY IN BUSINESS: SPARKS FROM THE ANVIL
IN CONVERSATION WITH SURESH HUNDRE, CHAIRMAN AND MD, POLYHYDRON PVT. LTD.**

B. MAHADEVAN

The economic crises in the recent past and the crisis in leadership in the business world have led to a renewed need to examine the role of ethical and moral values in business, and a concomitant interest in spirituality. Beginning with the attributes of inspirational leadership drawn from the Bhagavad Gita, this article traces the definitions of spirituality and the approaches to the research in spirituality in management, including the present shift from a materialistic to a spiritual orientation.

While there has been a renewed interest in spirituality, there is a lack of clarity on how it could be practised in a business context. The author, B. Mahadevan, seeks to throw

light on these issues through his interview with Suresh B. Hundre, Chairman and MD of Polyhydron Pvt. Ltd, Belgaum, India, a group with a turnover of Rs 1450 million, and which is known for the competitive pricing of its products and its ethical management.

Defining spirituality as the purification of one's actions, speech, and thought, S. Hundre explains how he has operationalised his understanding of spirituality through his business and personal practices. The cornerstone of an organisation's efficiency, he believes, is a high level of trust among trading partners and employees, discipline, transparency and complete honesty in operations.

Polyhydron is guided by core beliefs which include "Business and ethics are a perfect match", the concept of the "Business Ashrama", and a transparent wealth distribution ratio. Leading by personal example, S. Hundre espouses "the joyful life", which involves eschewing of purely material wants and inculcating the spirit of sacrifice, and sees himself as a trustee rather than an owner of the business. He believes that exposing students to values such as simplicity and transparency, to paths other than the competitive route, and having resource persons who enshrine those values is the way forward in the imparting of spiritual values through educational institutions.